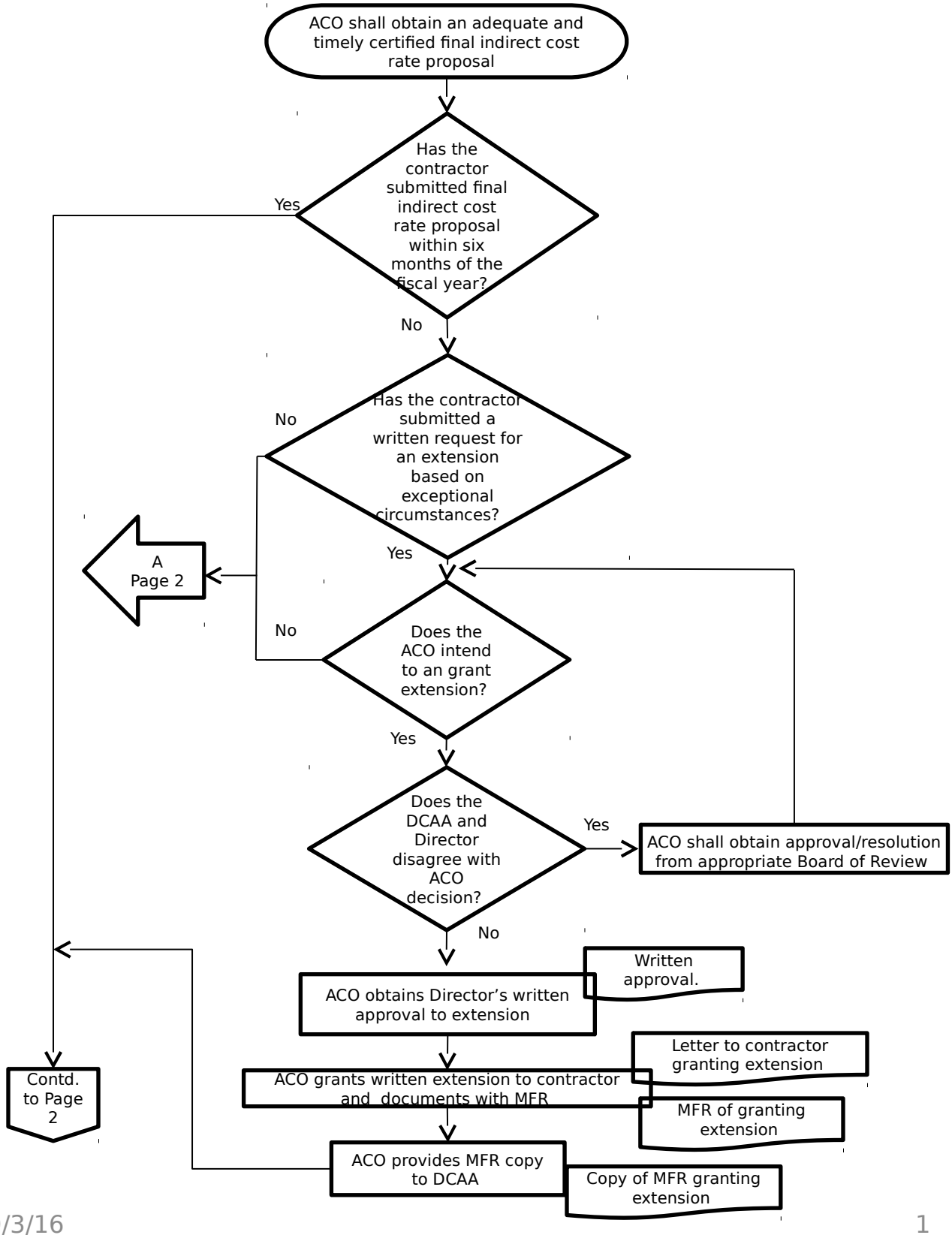
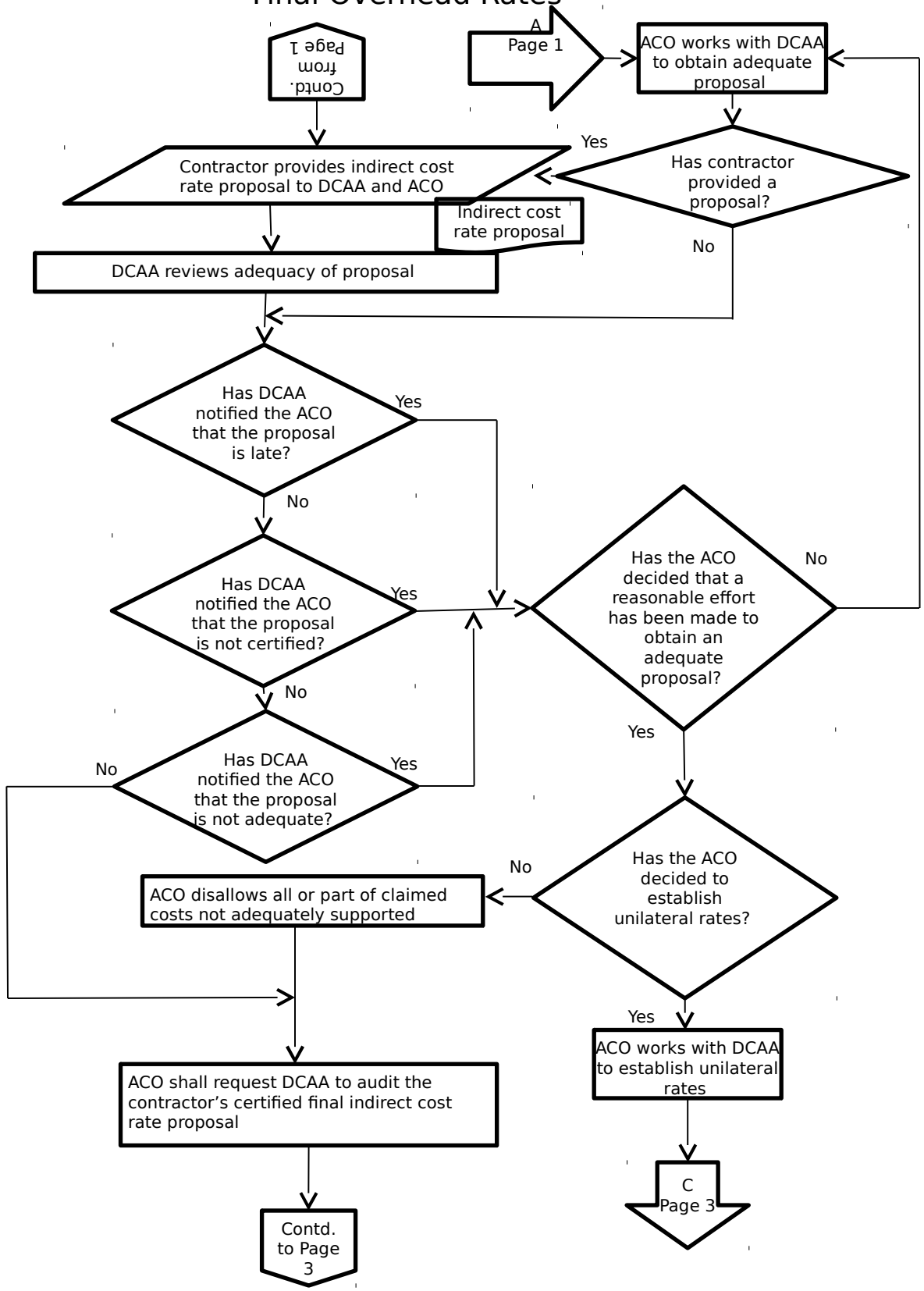
Final Overhead Rates


ACO shall obtain an adequate and timely certified final indirect cost rate proposal
Has the contractor submitted final indirect cost rate proposal within six months of the fiscal year?
Yes
No
Has the contractor submitted a written request for an extension based on exceptional circumstances?
No
Yes
A
Page 2
Does the ACO intend to an grant extension?
No
Yes
Does the DCAA and Director disagree with ACO decision?
Yes
ACO shall obtain approval/resolution from appropriate Board of Review
No
Written approval.
ACO obtains Director's written approval to extension
Letter to contractor granting extension
ACO grants written extension to contractor and documents with MFR
MFR of granting extension
ACO provides MFR copy to DCAA
Copy of MFR granting extension
Contd.
to Page
2

Final Overhead Rates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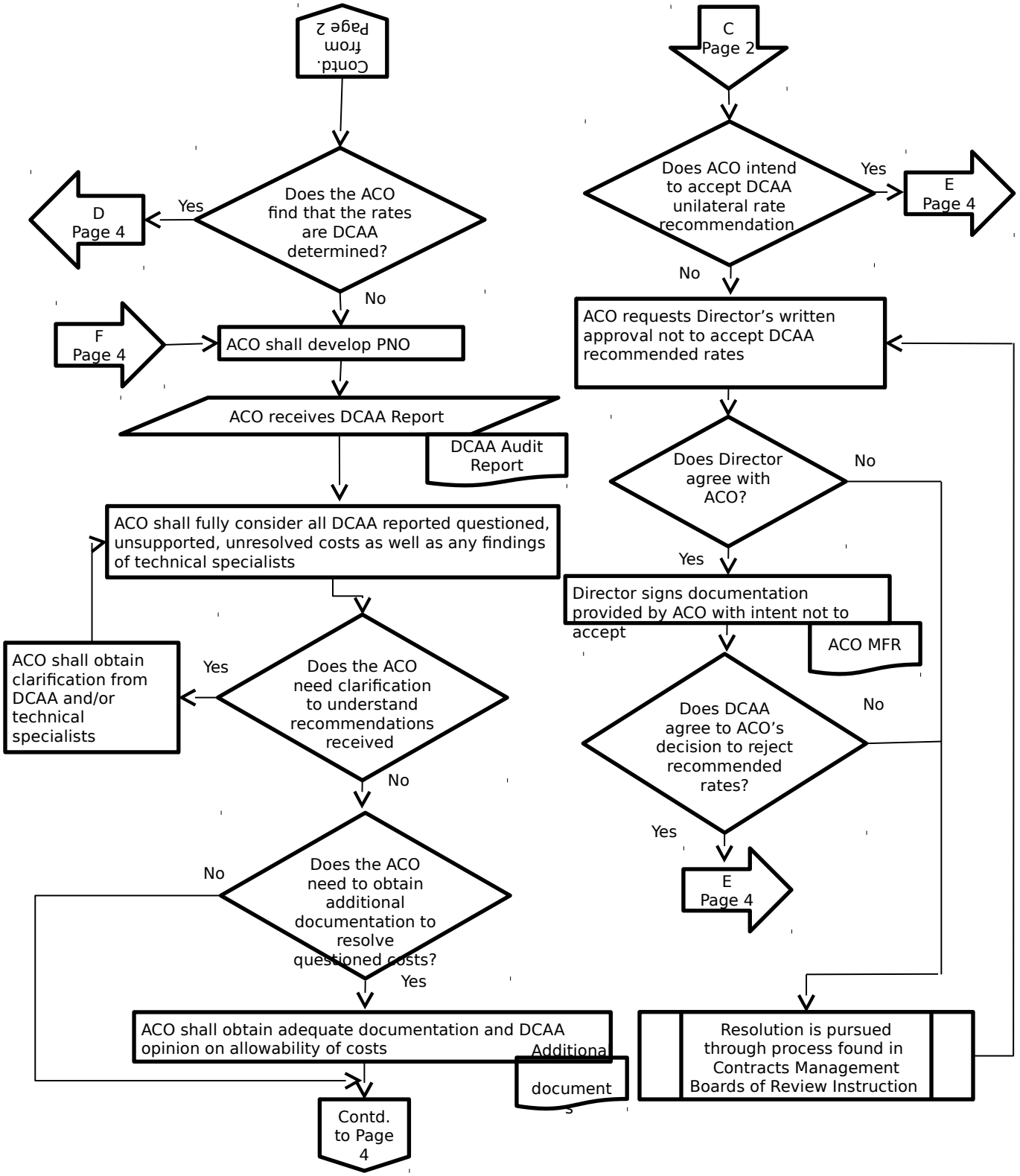
A
Page 1
ACO works with DCAA to obtain adequate proposal
Has contractor provided a proposal?
Yes
No
Contractor provides indirect cost rate proposal to DCAA and ACO
Indirect cost rate proposal
DCAA reviews adequacy of proposal
Has DCAA notified the ACO that the proposal is late?
Yes
No
Has DCAA notified the ACO that the proposal is not certified?
Yes
No
Has DCAA notified the ACO that the proposal is not adequate?
Yes
No
Has the ACO decided that a reasonable effort has been made to obtain an adequate proposal?
No
Yes
Has the ACO decided to establish unilateral rates?
No
Yes
ACO disallows all or part of claimed costs not adequately supported
ACO works with DCAA to establish unilateral rates
ACO shall request DCAA to audit the contractor's certified final indirect cost rate proposal
C
Page 3
Contd. to Page 3

Final Overhead Rates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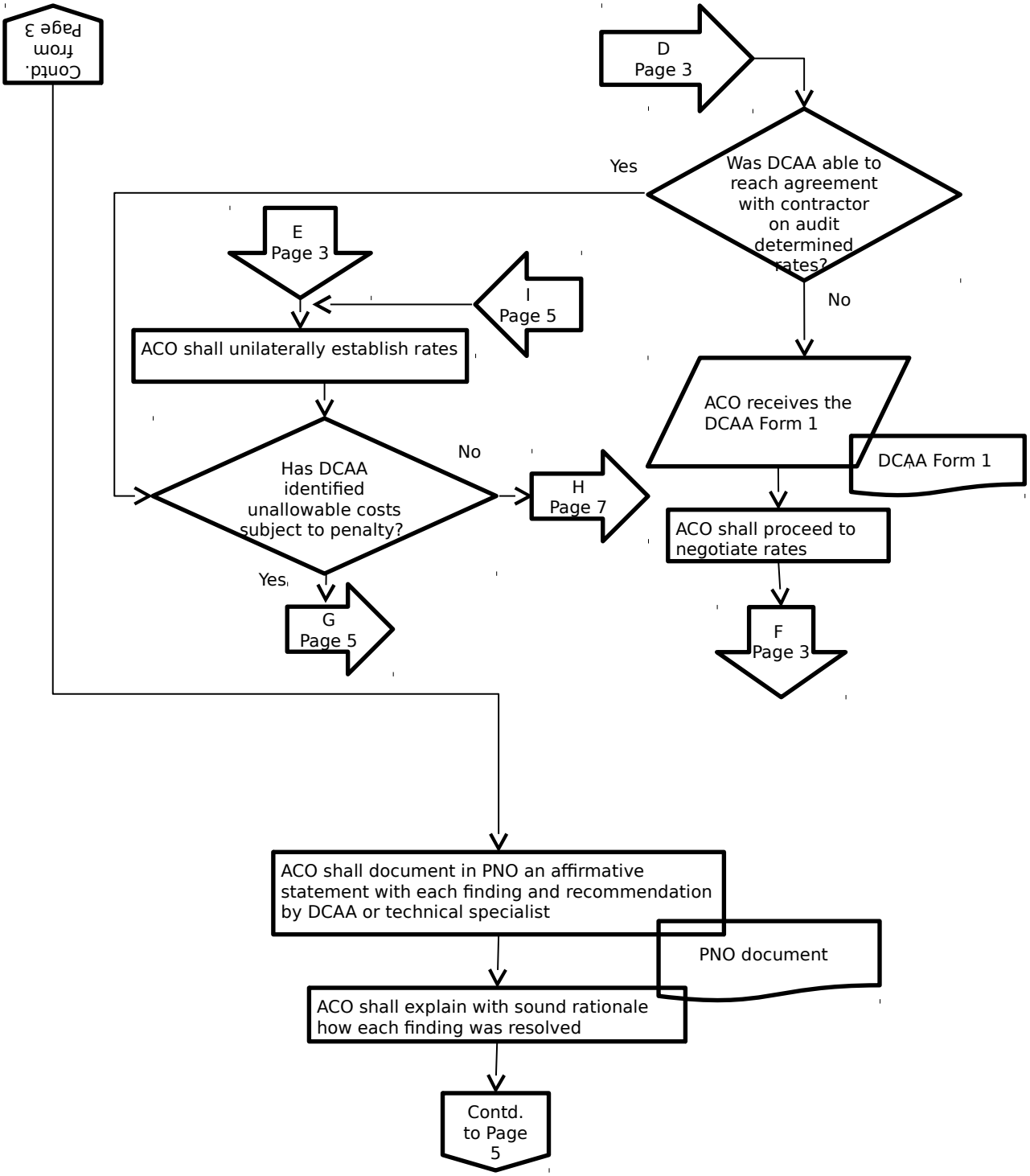
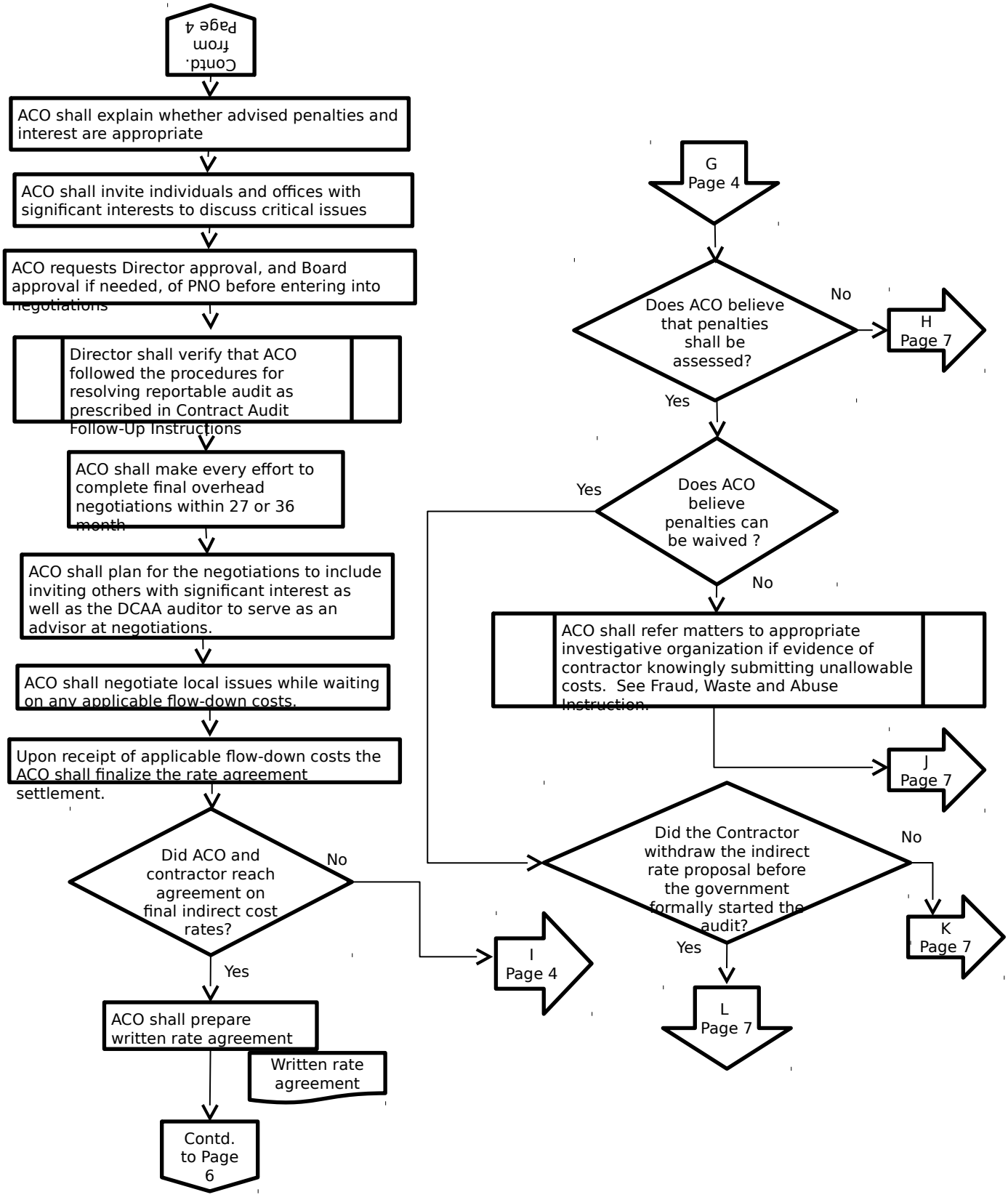
Does the ACO find that the rates are DCAA determined?
Yes
D Page 4
No
F Page 4
ACO shall develop PNO
ACO receives DCAA Report
DCAA Audit Report
ACO shall fully consider all DCAA reported questioned, unsupported, unresolved costs as well as any findings of technical specialists
Does the ACO need clarification to understand recommendations received
Yes
ACO shall obtain clarification from DCAA and/or technical specialists
No
Does the ACO need to obtain additional documentation to resolve questioned costs?
No
Yes
ACO shall obtain adequate documentation and DCAA opinion on allowability of costs
Additional documents
Contd. to Page 4
C Page 2
Does ACO intend to accept DCAA unilateral rate recommendation
Yes
E Page 4
No
ACO requests Director's written approval not to accept DCAA recommended rates
Does Director agree with ACO?
No
Yes
Director signs documentation provided by ACO with intent not to accept
ACO MFR
Does DCAA agree to ACO's decision to reject recommended rates?
No
Yes
E Page 4
Resolution is pursued through process found in Contracts Management Boards of Review Instruction

Final Overhead Rates


Contd. from Page 3
D Page 3
Was DCAA able to reach agreement with contractor on audit determined rates?
Yes
No
E Page 3
I Page 5
ACO shall unilaterally establish rates
ACO receives the DCAA Form 1
DCAA Form 1
Has DCAA identified unallowable costs subject to penalty?
No
H Page 7
Yes
G Page 5
ACO shall proceed to negotiate rates
F Page 3
ACO shall document in PNO an affirmative statement with each finding and recommendation by DCAA or technical specialist
PNO document
ACO shall explain with sound rationale how each finding was resolved
Contd. to Page 5

Final Overhead Rates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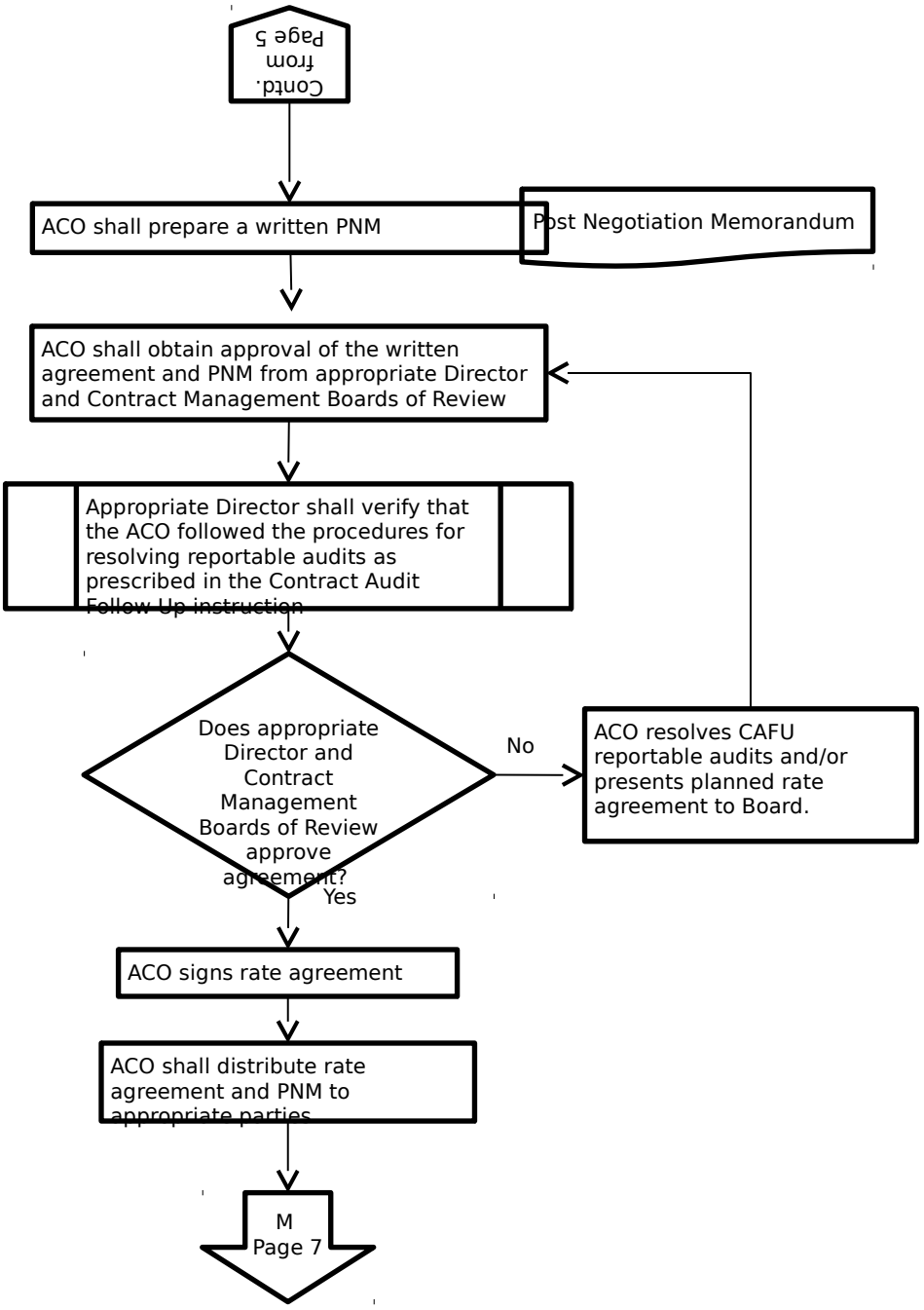
ACO shall explain whether advised penalties and interest are appropriate
ACO shall invite individuals and offices with significant interests to discuss critical issues
ACO requests Director approval, and Board approval if needed, of PNO before entering into negotiations
Director shall verify that ACO followed the procedures for resolving reportable audit as prescribed in Contract Audit Follow-Up Instructions
ACO shall make every effort to complete final overhead negotiations within 27 or 36 month
ACO shall plan for the negotiations to include inviting others with significant interest as well as the DCAA auditor to serve as an advisor at negotiations.
ACO shall negotiate local issues while waiting on any applicable flow-down costs.
Upon receipt of applicable flow-down costs the ACO shall finalize the rate agreement settlement.
Did ACO and contractor reach agreement on final indirect cost rates?
No
Yes
ACO shall prepare written rate agreement
Written rate agreement
Contd. to Page 6
I Page 4
G Page 4
Does ACO believe that penalties shall be assessed?
No
H Page 7
Yes
Does ACO believe penalties can be waived ?
Yes
No
ACO shall refer matters to appropriate investigative organization if evidence of contractor knowingly submitting unallowable costs. See Fraud, Waste and Abuse Instruction.
J Page 7
Did the Contractor withdraw the indirect rate proposal before the government formally started the audit?
No
K Page 7
Yes
L Page 7

Final Overhead Rates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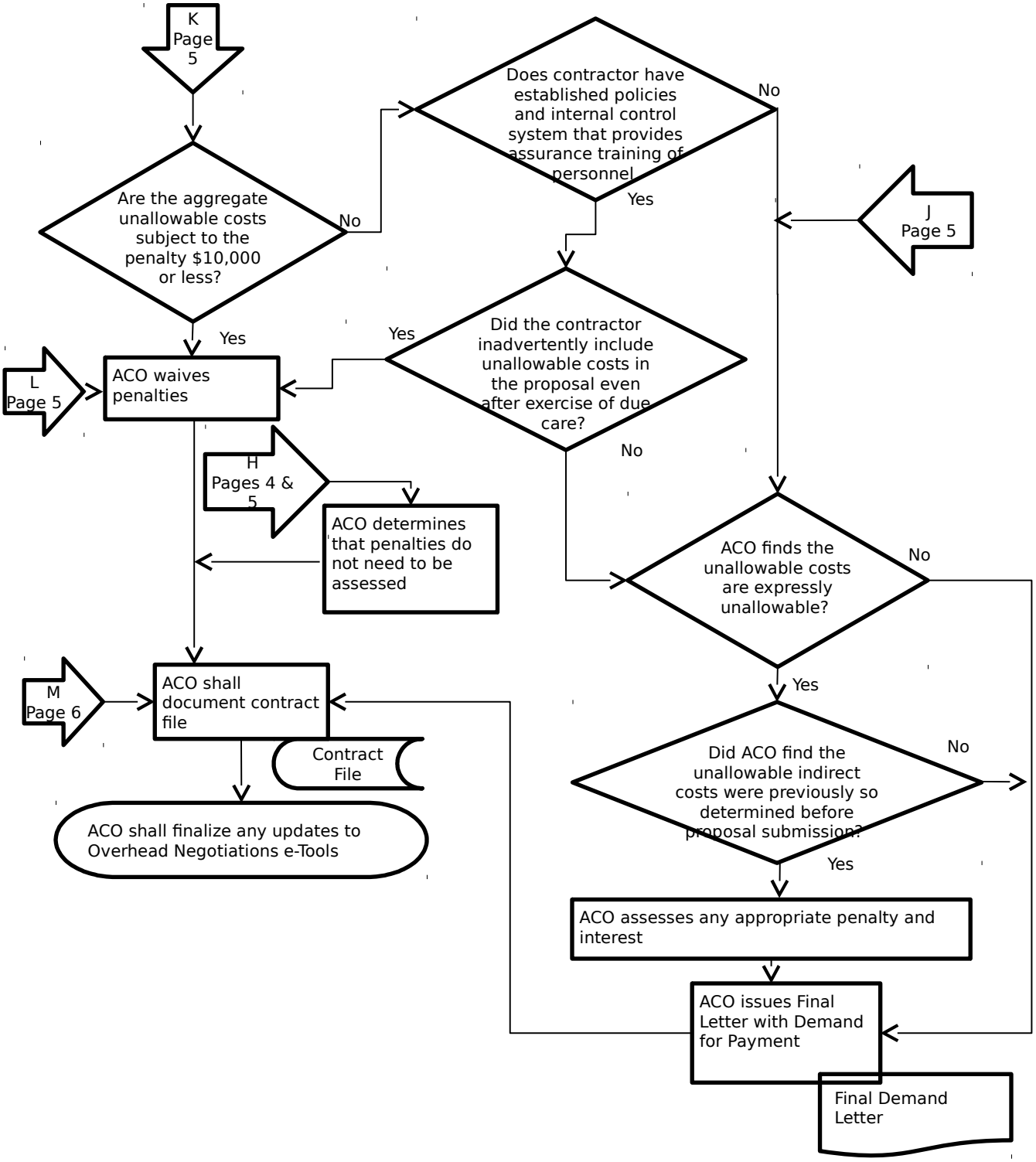
ACO shall prepare a written PNM
Post Negotiation Memorandum
ACO shall obtain approval of the written agreement and PNM from appropriate Director and Contract Management Boards of Review
Appropriate Director shall verify that the ACO followed the procedures for resolving reportable audits as prescribed in the Contract Audit Follow-Up instruction
Does appropriate Director and Contract Management Boards of Review approve agreement?
No
ACO resolves CAFU reportable audits and/or presents planned rate agreement to Board.
Yes
ACO signs rate agreement
ACO shall distribute rate agreement and PNM to appropriate parties
M
Page 7

Final Overhead Rates


K
Page 5
Does contractor have established policies and internal control system that provides assurance training of personnel
No
Yes
J
Page 5
Are the aggregate unallowable costs subject to the penalty $10,000 or less?
No
Yes
Did the contractor inadvertently include unallowable costs in the proposal even after exercise of due care?
Yes
L
Page 5
ACO waives penalties
H
Pages 4 & 5
ACO determines that penalties do not need to be assessed
No
ACO finds the unallowable costs are expressly unallowable?
No
Yes
M
Page 6
ACO shall document contract file
Contract File
Did ACO find the unallowable indirect costs were previously so determined before proposal submission?
No
Yes
ACO shall finalize any updates to Overhead Negotiations e-Tools
ACO assesses any appropriate penalty and interest
ACO issues Final Letter with Demand for Payment
Final Demand Letter